

Consultative Group on International Agricultural Research

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To: Heads of Delegation
Regional Representatives
Board Chairs
Center Directors
TAC Chair
TAC Members
TAC Executive Secretary

Dear Colleagues:

On April 13, I convened an *ad hoc* CGIAR consultation in Washington, to examine and assess strategic issues that are likely to be at the forefront of our discussions in Delhi. A summary report of the consultation, reflecting the flavor of discussion and listing the major issues addressed, is attached.

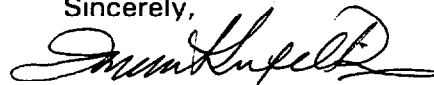
As you will see, participants reaffirmed the need for the CGIAR to be supported in a manner consistent with its effectiveness as an instrument of development. At the present time, therefore, the CGIAR system needs strengthening, financial stability, and a research driven agenda -- not truncation.

An agenda for the Delhi Mid-Term Meeting derived from these principles and, at the same time, providing for discussion of matters already in process is also attached. The flow of the agenda should allow full participation and a detailed examination of issues whose resolution can determine the future of the CGIAR.

MTM94 will set the stage for us to re-dedicate the CGIAR as a thriving and dynamic institution, driven by the research needs of developing countries and the scientific capacity of the centers but conscious of financial realities. For us to do less would amount to turning our backs on the world's poor and disadvantaged.

MTM94 will be a landmark event for the CGIAR. I hope to see you in Delhi.

Sincerely,



Ismail Serageldin
Chairman

Enclosure

PREPARATORY CONSULTATION FOR MTM94 ON STRATEGIC ISSUES

A SUMMARY REPORT

1. INTRODUCTION

The CGIAR Chairman held a preparatory consultation at the World Bank on April 13, 1994 to identify the strategic issues that would occupy the Group's attention at the forthcoming Delhi Mid-Term Meeting (MTM94). The Chairman invited Cosponsors, the Finance and Oversight Committees, the TAC Chair and Executive Secretary, the Chair, Center Directors Committee and the Chair, Center Board Committee, to participate. In keeping with established tradition, participants would explore major issues and provide the Chairman with guidance but would not take decisions.

2. CONTEXT

The Chairman has entered into a series of substantive discussions since he assumed office, to explore fully the issues and concerns that confront the CGIAR. This process involved visits to seven centers, interaction with representatives of India's national program, consultations with key donors and a review of the issues with cosponsors as well as TAC and Center Directors.

He had learned through these discussions, the Chairman told the *ad hoc* consultation, that center scientists were experiencing a crisis of morale and motivation because they feel the CGIAR research agenda is currently driven by financial and budgetary issues, not by the research needs of clients and partners, the scientific capacity of the centers and the impact of center programs on development. Some center programs have been abruptly curtailed because of reduced funding without reference to their importance or effectiveness. If this situation continues, the CGIAR would run the risk of a major loss of center productivity.

The CGIAR continues to have the capacity and the human capital to contribute to the well being of the world's poor and disadvantaged. The scientific excellence of the CGIAR, its political independence and the demonstrable comparative advantage of international research, equip it to play a special role in the development process. This was not only his own observation, but had been confirmed to him by scientists from the South. India's agricultural research community, skilled and highly regarded, expressed strong support for the CGIAR. Scientists from the South value the crucial bridging role -- between advanced research laboratories in industrialized countries and institutions in developing countries -- played by the centers.

The effectiveness of the CGIAR as an instrument of development cannot be maintained while it is afflicted by financial instability. The world needs a development assistance tool like CGIAR at the international level to complement national/regional/bilateral development efforts. The CGIAR should therefore be preserved, strengthened, improved, and placed on a stable level of funding, rather than dismantled or truncated. To accomplish this task in the context of the resource limited and competitive aid environment, it is critical that the policy makers who created the CGIAR be persuaded to re-dedicate themselves to maintaining a robust and productive CGIAR.

3. OBJECTIVE

Against this background, the Chairman felt that there was a heightened urgency to ensure that the MTM94 agenda reflects and responds to the major challenges that the CGIAR faces today and, conceivably, over the next few years. The purpose of the *ad hoc* consultation, therefore, was for a group of stakeholders to review the issues that would be most relevant in developing the agenda for MTM94. The agenda would be critical in enabling the Group to reach the decisions and implement the measures required to revitalize the CGIAR.

4. THE CONSULTATION

The *ad hoc* consultation was characterized by a free and frank exchange of views, with no set agenda. The focus was on shared concerns and objectives:

- how to protect the system's productivity in these times of budgetary stringency;
- how to facilitate/accelerate change in the CGIAR because, clearly, "business as usual" is not acceptable;
- how to arrive at a shared vision which is to guide the future evolution of the system;
- how to move expeditiously towards a re-dedication to the goals of the system;
- how to improve those operational modalities that require change.
- how to position the CGIAR so as to enable it to mobilize the resources required to conduct programs that have been agreed upon.

5. ISSUES ADDRESSED

The major issues addressed and the main points made during the discussion of each issue are summarized below.

- ***Importance of MTM94 for the future health/survival of the CGIAR***

The CGIAR is clearly at a cross roads and the directions it now takes will determine the short term health and long term future of the system. Decisive action and decision making are necessary to halt the erosion of productive capacity at the centers:

- ***Reaffirmation of the basic philosophy that the CGIAR research agenda drives budgetary/financial considerations, not vice versa.***

A number of recent decisions and actions, such as combining centers and, more so, the work currently in progress by TAC aimed at restructuring and contracting or "downsizing" the system, have been based primarily on budgetary considerations. This is a "cart before the horse" approach. The CGIAR needs a program driven approach combined with budgetary consciousness.

- ***Reaffirmation of the validity of priorities endorsed through the MTP Process (based on centers five-year plans 94-98 at \$270 million level)***

The centers' five year plans are meant to implement research priorities agreed on by the CGIAR and incorporate new research strategies identified in the TAC analysis. Recent funding reductions have hampered their implementation and forced a sharp cutback in research activities. This does not invalidate the priorities and strategies adopted by the system.

- ***Dimension and duration of present financial crisis - urgency and nature of response***

Pressure on ODA budgets is not a short term phenomenon and urgent action is needed to avert the crisis and protect the productive potential at centers. Despite the severity of ODA problems, it should be possible to mobilize resources for a key and proven ODA-tool such as the CGIAR. Consequently, the emphasis should *now* be placed on efforts at stabilizing/increasing the support basis while continuing work on the cost saving/operational efficiency front rather than on a massive contraction of the system. The response to the funding crisis should be balanced in terms of support mobilization/constituency building and cost saving/efficiency increasing measures.

- ***Improvements in the funding modalities of the CGIAR***

The CGIAR's present modality of financing research programs through an annual decentralized process is inconsistent with the requirements of conducting long-term research. The typical lead time of eight to 10 years required between research investments and research outputs imply that the scientists must be provided with stable and certain financing. As the resource environment has tightened this inconsistency has become more visible and glaring.

Predictability of funding is an important requirement of research. For sound planning, the centers need to know at the beginning of a given year the level of funding they can expect. But predictability is not assured by the existing pledging, confirmation and disbursement practices of the CGIAR system.

Furthermore, the freedom of donors to finance programs of their choice across the range of the core and complementary programs has produced a paradox of relatively ample funding for complementary programs while the core programs are financed below the required levels. This is mirrored in the phenomenon at the center level where center autonomy has permitted centers to undertake complementary programs even when the core programs are not fully funded. Donor independence and center autonomy are defining characteristics of the CGIAR. However, the increasing complexity of the research agenda and constrained finances raise the question whether the system can continue to exist as a system if these rights continue to be exercised by centers and donors without reference to the system's agenda and goals.

There are no easy solutions to these issues. Market forces are an important element in judging between different lines of research. But the *raison d'être* for establishing the CGIAR was the acknowledgement of "market failure" in financing international agricultural research, a "public good." Similarly center entrepreneurship is worthwhile only if the system ensures that the central programs of all centers are financed. In this context, to meet the requirements of engendering a stable and certain financial environment for CGIAR research, several different and innovative options need to be explored.

There is an increasing sentiment that the possibilities for multiyear commitments should be pursued. It is less clear whether these commitments should be negotiated and be legally binding, as with IDA or the GEF, or more flexibly administered as in the case of SPA. There are also risks that requesting multi-year commitments may result in lower levels of funding due to the conservative approach of most finance ministries or may require giving up unrestricted funding. There may also be questions of establishing a legal CGIAR entity.

The Finance and Oversight Committees should continue to explore these options and work with the Chairman in firming up specific options for consideration by the CGIAR.

- ***Challenge of re-committing policymakers to the goals of the CGIAR (poverty, food security, sustainability)***

The Group faces the challenge to articulate a vision of the CGIAR which is shared/accepted/supported by members and partners; the challenge to disseminate this vision of the CGIAR as an important instrument of development policy and gain support for it; and the challenge of getting the South to voice its support for a strong CGIAR (as partners of NARS).

- ***Guiding principles of the CGIAR***

There was reaffirmation of the basic principles of donor independence, center autonomy and independent advice from TAC; a strong commitment to maintain the concept of a system rather than moving towards a loose association of separate centers; and discussion of the notion that some extent of deregulation may be appropriate to offset what some have perceived to be an excess of central guidance/decision making.

- ***Strengthening CGIAR collaboration with NARS***

CGIAR contributions to food production and poverty alleviation are underpinned by the partnerships between the centers and NARS. These partnerships can and should be strengthened and the Oversight Committee has organized a workshop preceding MTM94 to explore the opportunities for doing so. Another point to note is that these partnerships are predicated on the NARS having the capacity and resources to use the CGIAR products. Ensuring the existence of such capacity is not a role for the CGIAR but for bilateral donors and development banks which can provide financial resources and advice to the leadership in the developing countries. The World Bank is considering a new initiative for supporting a broad spectrum of research and extension activities.

- ***Evolution of the CGIAR***

The need for change was reaffirmed. Not only is change needed, but the pace of change must be accelerated. Business as usual is *not* acceptable. However, change has to be driven by the agenda. There is a need, as well, to reaffirm support for system-wide/inter-center programs that focus on broad problems of sustainable agriculture; to redesign center operating modalities and funding/accountability practices to accomplish this objective; and to strengthen partnerships with NARS. The Bank's initiative of setting up a new unit which will stimulate the flow of resources to agricultural research and capacity building at the national levels was welcomed.

- ***Evolution vs. revolution: massive structural change vs. efficiency enhancing measures***

The benefits of structural change through mergers of centers and the like are not yet seen as the livestock restructuring exercise is still in progress. The Group should await the outcome of that exercise and draw the appropriate lessons.

There are obvious costs of restructuring, however. These include the following:

- effects on people: loss of motivation due to extended uncertainty; departure of best staff;
- effects on centers: loss of productivity; incapacity to attract good staff; financial costs of the restructuring process;
- loss of resource mobilization potential. Contraction of the system can become a self-fulfilling prophecy. A smaller system is expected to cost less.

A broad range of efficiency-enhancing and cost-reducing measures could serve as alternatives to restructuring. This might involve, for example, enhanced inter-center collaboration in areas of: genetic resources; training; information; purchasing; common services; reduction of overhead costs through smaller boards/joint boards, etc. In summary, therefore, it appears advisable to explore alternatives first; avoid high costs of restructuring; build on the strengths of the system; exploit the opportunities of recommitting donors to an evolving system; opt for the organic approach to change.

- ***Reaffirmation of TAC's role as an independent advisory body***

The expectation is that TAC will continue to make important contributions to the continuing process of change in the CGIAR. The TAC Chair has agreed that its analysis (on the options for change) be presented in two parts. The first part, to be tabled at MTM94, would provide an analytical framework for examining the long term vision of the CGIAR, identify the CGIAR programs that would be part of the vision and sketch out the institutional structure that would be required to implement the vision in the medium-term. TAC would also identify priorities for systemwide initiatives and opportunities for reducing system costs by streamlining non-research activities from a system perspective. The second part to be finalized after MTM94 would discuss the short and medium term transition steps that may have to be taken if resource levels continue to remain at present levels. TAC would also proceed with the "stripe reviews" (examination of issues of systemwide relevance) endorsed at ICW93.

- ***Explore necessity for changes in CGIAR governance***

The decentralized mode adopted by the CGIAR at its inception imposes high costs of governance on centers and the CGIAR itself. It is worth examining whether other options exist to produce the same levels of research outputs by streamlining CGIAR and center governance modalities. The Oversight Committee has this matter on its agenda and will report at MTM94.

- ***Agenda for MTM***

Based on discussion at the consultation, it was agreed that the MTM should start with a substantive Opening Address by the Chairman setting the context, and outlining the work ahead; and that the following topics should be included in the agenda:

- (1) Towards a vision of the CGIAR
- (2) Assuring funding stability and certainty
- (3) Governance
- (4) Stripe review on Genetic Resources

The following papers should be tabled for discussion:

- TAC paper
- Oversight Committee paper
- Blake Committee paper
- Report on Vision 2020
- Oversight Committee paper on Eastern Europe and the former Soviet Union
- UNCED follow up
- Review of Swedish support to CGIAR

Centers are encouraged to attend MTM94, a crucial meeting that will focus on significant issues of strategic importance.

6. THE WAY FORWARD: FIVE STEPS

The substance of the consultation indicated that the CGIAR should embark on a bold, creative and dynamic process involving both change and consolidation, founded on the proven capacity of the CGIAR to serve as an instrument of development. This process could be broken down into the following five major steps.

- (1) MTM94 - expected outcome
 - a shared vision of the CGIAR;
 - a commitment to reach out and implement that vision; first by stabilizing the financial situation for 1994 and 1995, and second by adopting the broad directions of change in governance and procedures;
 - adopting a timetable for the implementation of the strategy, including a decision on holding a Bellagio-type meeting of key policy makers aiming at renewed commitment to the CGIAR.

(2) ICW94

- consensus around a document spelling out a new vision of CGIAR;
- decision concerning instruments to make the vision work;
- decision on a redesigned modality of funding.

(3) Bellagio-type Meeting in early 1995

- rededication of the donor community to the goals of the CGIAR, its proposed new modalities and commitment to fund it accordingly.

(4) MTM95

- agreement on the details of specific procedures, instruments and modalities to make the new CGIAR work.

(5) ICW95

- concluding the efforts of implementation.

(6) Early 1996

- the new CGIAR system is in place and moves forward with confidence.

CGIAR MID-TERM MEETING 1994

AGENDA

Theme: REVITALIZING THE CGIAR

Tuesday, May 24

MORNING. *Stocktaking -- Where are we at? How should we move ahead?*

1. Address by CGIAR Chairman
2. Discussion

AFTERNOON. *A Vision for the CGIAR*

1. Report by Vision Panel of Oversight Committee (G. Conway)
2. Report by TAC (A. McCalla)
3. Report from Action Group on Food Security (R. Blake)
4. Progress Report on IFPRI's Vision 2020 (P. Pinstrup-Andersen)
5. Review of Swedish support to CGIAR (J. Holmberg, SAREC)
6. Needs and expectations of NARS (V. Chopra)
7. Discussion

Wednesday, May 25

MORNING. *A Vision for the CGIAR (continued)*

AFTERNOON. *Review of Policies and Operational Issues*

1. Towards a CGIAR Plant Genetic Resources Program -- Report of a TAC Stripe Review (H. Shands)
2. CGIAR Policy toward Eastern Europe and the Newly Independent States of the FSU (J. Holmberg, Oversight Committee)
3. CGIAR Follow-up to UNCED/Agenda 21 -- Report by CGIAR Task Force (Stein Bie)
4. Livestock Research in the CGIAR -- Report by Implementing Agency (R. D. Havener)
5. Discussion

Thursday, May 26

MORNING. *Review of Policies and Operational Issues (continued)*

AFTERNOON. *Strengthening CGIAR Governance and Organization*

1. Report by Oversight Committee (P. Egger)
2. Discussion

Friday, May 27

MORNING. *Financial Strategies*

1. Report by Finance Committee (M. Petit)
2. Discussion

Activity Reports by Standing Committees

1. Report by TAC
2. Report by Oversight Committee
3. Report by Finance Committee
4. Discussion

AFTERNOON. *Conclusions and Next Steps*

1. A Vision for the CGIAR
2. Strategies for Action
3. Strengthening CGIAR Governance and Organization
4. Financial Strategies

Chairman's Closing Remarks